

STATE OF NEW YORK

9408

IN SENATE

March 10, 2026

Introduced by Sen. GOUNARDES -- read twice and ordered printed, and when printed to be committed to the Committee on Consumer Protection

AN ACT to amend the general business law, in relation to prohibiting the manufacture and sale of chatbot toys; and providing for the repeal of such provisions upon the expiration thereof

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. The general business law is amended by adding a new article
2 48 to read as follows:

ARTICLE 48

PROHIBITION ON CHATBOT TOYS

Section 1800. Definitions.

1801. Prohibition.

1802. Interagency study.

1803. Enforcement.

1804. Severability.

10 § 1800. Definitions. As used in this article, the following terms
11 shall have the following meanings:

12 1. "AI companion" shall have the same definition as set forth in
13 subdivision four of section seventeen hundred of this chapter.

14 2. "Chatbot toy" shall mean when an AI companion is embedded in or
15 integrated with a children's toy.

16 3. "Child" shall mean a natural person under the age of thirteen.

17 4. "Children's toy" shall mean as defined in subdivision (g) of 15 USC
18 § 2057c or any successor provision thereof.

19 5. "User" shall mean any person who is a consumer of a chatbot toy and
20 who is not an operator, agent, affiliate, developer, manufacturer, sell-
21 er, reseller, distributor, or commercial provider of such toy.

22 6. "Operator" shall mean any person, partnership, association, firm,
23 or business entity, or any member, affiliate, subsidiary or beneficial
24 owner thereof, who operates or provides an AI companion in a children's
25 toy.

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

LBD14962-03-6

1 7. "AI model training" shall mean testing, validating, or fine tuning
2 of an AI companion in a chatbot toy.

3 8. "Data analytics" shall mean the computational process of collect-
4 ing, organizing, processing, or examining data to identify patterns,
5 correlations, trends, or other meaningful information, for the purpose
6 of extracting insights, supporting decision making, or generating
7 predictions about users, groups, or systems, including but not limited
8 to behavioral analytics, usage analytics, sentiment analytics, and
9 inferential analytics related to a child user.

10 § 1801. Prohibition. No person, firm, corporation, association, part-
11 nership, business entity, or agent, employee, affiliate, beneficial
12 owner, or subsidiary thereof, shall manufacture, exchange, hold for
13 sale, distribute, or sell any chatbot toy in this state.

14 § 1802. Interagency study. 1. Within four years of the effective date
15 of this article, the secretary of state, commissioner of mental health,
16 attorney general, and head of the office of digital innovation, gover-
17 nance, integrity, and trust (DIGIT) shall produce a report on the poten-
18 tial risks and benefits that chatbot toys pose to child users related to
19 all of the following:

20 (a) The educational value of chatbot toys;

21 (b) The potential for such toys to create emotional attachment and
22 dependency in child users;

23 (c) The potential for such toys to replace human interaction for child
24 users;

25 (d) The value and risks that such toys pose for child users in differ-
26 ent stages of child development, including how such toys may affect such
27 development;

28 (e) The effectiveness and navigability of parental controls for such
29 toys that may offer features such as content filtering, time limits,
30 displays of conversational history between a child user and chatbot toy,
31 privacy controls, data collection limitations, or other features offered
32 by the operator of the AI companion in such toy;

33 (f) The actual adoption and utilization of such parental controls by
34 parents of child users;

35 (g) The effectiveness, use, and implications of parental insight tools
36 about child user behavior, personality, and/or development;

37 (h) How such toys produce, provoke, and/or respond to content that may
38 reasonably be deemed inappropriate for a child user considering such
39 user's age;

40 (i) How such toys respond to child user prompts that indicate such
41 child is in danger of physical or emotional harm;

42 (j) Data collection and retention practices of such toy, including
43 both data collected from active interactions with a child or other user
44 and data collected from a passive recording of a child or other natural
45 person;

46 (k) Whether such data is sold, transferred, shared, or processed by a
47 third party for transcription, analytics, AI model training, advertis-
48 ing, or other internal or external purposes;

49 (l) How the practices described in paragraphs (j) and (k) of this
50 subdivision may relate to existing obligations for chatbot toy operators
51 under 15 USC § 6502 and article thirty-nine-FF of this chapter;

52 (m) Cybersecurity practices of the chatbot toy operator to prevent and
53 respond to data breaches;

54 (n) The business model for AI companion toys, including whether such
55 toys induce users to purchase subscriptions, virtual currencies or

1 goods, or paywalled content, or employ other monetization techniques;
2 and

3 (o) Any other factor deemed relevant by such secretary, commissioner,
4 attorney general, and head, considering the underlying purpose of this
5 article.

6 2. Such report shall be delivered to the governor, the temporary pres-
7 ident of the senate, the speaker of the assembly, the chair of the
8 senate internet and technology committee, the chair of the assembly
9 science and technology committee, and the chairs of the senate and
10 assembly mental health committees within four years of the effective
11 date of this article. Such report shall also be posted for public review
12 in a clear and conspicuous manner online.

13 § 1803. Enforcement. Whenever the attorney general shall believe from
14 evidence satisfactory to them that any person, firm, corporation, asso-
15 ciation, partnership, business entity, or agent, employee, affiliate,
16 beneficial owner, or subsidiary thereof has violated any provision of
17 this article, they may bring an action in the supreme court of the state
18 of New York for a judgment enjoining the continuance of such violation
19 and for a civil penalty of not more than fifteen thousand dollars per
20 day for each violation. If it shall appear to the satisfaction of the
21 court or justice that the defendant has violated section eighteen
22 hundred one of this article, no proof shall be required that any person
23 has been injured thereby. In such action preliminary relief may be
24 granted under article sixty-three of the civil practice law and rules.

25 § 1804. Severability. If any clause, sentence, paragraph, subdivision,
26 section or part of this article shall be adjudged by any court of compe-
27 tent jurisdiction to be invalid, such judgment shall not affect, impair,
28 or invalidate the remainder thereof, but shall be confined in its opera-
29 tion to the clause, sentence, paragraph, subdivision, section or part
30 thereof directly involved in the controversy in which such judgment
31 shall have been rendered. It is hereby declared to be the intent of the
32 legislature that this article would have been enacted even if such
33 invalid provisions had not been included herein.

34 § 2. This act shall take effect on the sixtieth day after it shall
35 have become a law and shall expire and be deemed repealed five years
36 after such effective date. Effective immediately, the addition, amend-
37 ment and/or repeal of any rule or regulation necessary for the implemen-
38 tation of this act on its effective date are authorized to be made and
39 completed on or before such effective date.